AGENDA
Committee of the Whole
Board Room
33 S. Arlington Heights Rd
June 30, 2025
7:00 PM

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL OF MEMBERS

IV. APPROVAL OF MINUTES

A. Committee of the Whole 05/27/2025

V. NEW BUSINESS

A. 2026 Capital Improvement Program Update

B. Operating Fund Overview/Recommended Budget Ceilings - 2026

VI. OTHER BUSINESS

VII. PUBLIC COMMENT

Anyone wishing to speak on a subject not on the Agenda may speak at this time. Please limit your comments to three minutes.

VIII. ADJOURNMENT

Persons with disabilities requiring auxiliary aids or services, such as an American Sign Language interpreter or written materials in accessible formats, should contact the Health & Human Services Department, at 33 S. Arlington Heights Road, Arlington Heights, IL 60005, healthmail@vah.com or 847/368-5760.

MINUTES
COMMITTEE-OF-THE-WHOLE
PRESIDENT AND BOARD OF TRUSTEES
VILLAGE OF ARLINGTON HEIGHTS
BOARD ROOM
TUESDAY, MAY 27, 2025 7:00P.M.

BOARD MEMBERS PRESENT:	President Tinaglia; Trustees: Bertucci, Dunnington, LaBedz, Manganaro, Santa Maria, Shirley and Zyck
BOARD MEMBERS ABSENT:	Trustee Schwingbeck
STAFF MEMBERS PRESENT:	Randy Recklaus, Village Manager; Nicholas Pecora, Chief of Police; Greg Czernecki, Deputy Chief of Police; Joseph Pinnello, Deputy Chief of Police; Melissa Gallagher, Director of Finance; Mary Ellen Juarez, Assistant Director of Finance; Alexis Smulson, Accounting Manager; Kevin Baumgartner, Budget Coordinator/Accountant; Lindsay Dohse, Supervising Nurse; Tracy Colagrossi, Senior Center Manager; Hannah Kane, Social Worker; Sean Freres, Environmental Health Officer and Kim Peterson, Recording Secretary

President Tinaglia called the meeting to order at 7:00 PM. The Pledge of Allegiance was recited.

Approval of Minutes

A. Committee of the Whole 05/12/25

Trustee LaBedz moved, seconded by Trustee Manganaro, to approve the May 12, 2025 Committee of the Whole Meeting Minutes.

Upon a voice vote, the motion passed unanimously.

New Business

A. Departmental Reports

Police Department

Mr. Recklaus stated there are three Departmental Reports being presented tonight, with the first being the Police Department.

Chief Pecora advised that he and his Deputy Chiefs will be providing the Board with a brief overview of the Police Department's accomplishments and what they see in the future in terms of challenges. Chief Pecora stated that he is extremely proud of the Police Department and those who represent the Department. He is also very proud of the fact that the Department is a nationally accredited agency through the Commission on Accreditation for Law Enforcement Agencies (CALEA), one of 5% of active law enforcement agencies in the United States that can claim national accreditation. Chief Pecora introduced Deputy Chief Czernecki, who oversees the Police Department's Support Operations Division and Deputy Chief Joe Pinnello, who oversees the Field Operations Division.

Deputy Chief Czernecki began the presentation by explaining the Police Department's organizational structure and how staffing has gone relatively unchanged since 2010, with 140.5 full time positions and one part time position. The Department has also seen a change in its organizational structure, as it has reduced the number of divisions from three to two, which was done in part due to the retirement of a Deputy Chief, as well as Staff recognizing that they needed additional administrative support, therefore an additional Commander was added to the Support Operations Division. Staff also consolidated some of their support units to ensure command level oversight for each bureau. Deputy Chief Czernecki stated that the Police Department's two divisions are the Support Operations Division and the Field Operations Division. The Support Operations Division serves as the overall management and organization of the Police Department as well as promoting safety focused initiatives. The Field Operations Division is the most public facing division of the Police Department. They are responsible for delivering core services to the community, including 911 calls and criminal investigations.

Deputy Chief Czernecki discussed the Police Department's workload performance, including criminal apprehension and crime suppression. Deputy Chief Czernecki advised that crime has gone down significantly since the early 2000's, and in the past 10 years, Arlington Heights has experienced about 1/3 of the violent crime compared to the State of Illinois and the United States. The Department's Calls for Service, or 911 calls, have remained relatively steady, averaging just over 22,000 a year. This number does not account for any of the proactive or directed field work for the officers, which accounted for an additional 24,800 assignments. One of the Department's primary Calls for Service are traffic crashes, which continue to remain at an all-time low. The Traffic Enforcement plays a vital role in keeping traffic crash numbers down through their selective enforcement activities, response to complaints and additional enforcement hours through grant supported traffic enforcement activities. Deputy Czernecki also discussed the increase in Freedom of Information Act requests as well as the increase in the complexity and volume of information being requested. He also discussed grants and how the Department prioritizes looking for funding opportunities, either for new programs or to reimburse costs originally paid through the annual budget. In the past two years, the Department has been awarded over $1.5 million in grants. The Department further supports the community though proactive outreach efforts, including school safety presentations, response to active presentations and other community concerns. Earlier this year, the Department sent out an anonymous survey to a sample of Arlington Heights residents specifically related to police topics and the results revealed that the community generally feels safe and is appreciative of police services.

Deputy Chief Czernecki discussed some of the Department's accomplishments, including hosting their first Community Zero Harm event, that produced 230 unwanted firearms, which were turned in and then destroyed, the deployment of a NARCAN vending machine in the Police Department's lobby, which is available to residents 24 hours a day, every day, and solidified their successful crisis co-responder program. The Department has also put additional efforts towards critical response training and hosted a full-scale exercise at Forest View High School with over 100 Police Officers participating in a simulated critical incident. The Department also participated in a large-scale special events training hosted by the Department of Homeland Security, as well as public demonstration training. Deputy Chief Czernecki next discussed the upgrades the Department made to its technology, including the creation of the Arlington Real Time Information Center (ARTIC), which allows the user the ability to access surveillance throughout the Village during response to critical calls for service. This technology was supported through grant funding. License Plate Reader (LPR) cameras are now deployed at main gateways to our community and form a virtual network of cameras that assist in identifying stolen vehicles, as well wanted persons. The Department currently has two drones that are out in the field 24 hours a day, every day. There are 20 certified FAA operators and a special purpose vehicle to deploy these drones. In regards to recruitment and retention, the Department has made some positive and proactive changes, including updating the Fire and Police Commission rules and implementing a Police Apprentice program. Deputy Chief Czernecki also discussed the Department's success in implementing the legislative changes and mandates, including the Pre-Trail Farness Act.

Deputy Chief Czernecki discussed some of the Department's current and anticipated challenges, including their response to organized criminal enterprises, recruitment and retention, which continues to be a regional and national problem and internally leads to an increased workload, the impacts of significant redevelopment on police operations, including new housing developments, as well as a potential development of a NFL stadium, and lastly training mandates, which continues to take up time and resources.

Deputy Chief Czernecki advised that in regards to potential new initiatives, the Department will continue to explore any updates to law enforcement technology, ways to engage with the community and officer wellness. Deputy Chief Czernecki stated that the Department's most important and impactful resource is their outstanding staff and prioritizing their well-being by seeking ways to address the underlying causes of any potential negative impacts of the job.

President Tinaglia asked about the current number of vacancies the Department is experiencing, as well as the number of Officers who, for whatever reason, are not available for deployment as first line resources. Chief Pecora advised that vacant positions are those that have either retired or separated, light duty assignments are either medical or those injured in the line of duty, Medical Leave of Absence and those that are in the Field Training program. Chief Pecora advised that of the 110 Police Officers, 82% are currently available to put a uniform on. This statistic affects morale, productivity and officer safety. Chief Pecora stated that they are doing the best they can to recruit the next generation, although Law Enforcement is no longer the desired profession, which is a nationwide problem. President Tinaglia asked how this problem can get solved, which Chief Pecora advised that it is probably a legislative issue. Mr. Recklaus advised that because there is so much more mandated training, that 82% of available staffing is probably lower than that because there is always someone in training., which is part of the reason they are looking at adjusting staffing levels. President Tinaglia asked if there is a recruit out there who has several departments to choose from, would they make their decision based on pay, time off, benefits, which Chief Pecora advised that it all depends on the makeup of the candidate, however if someone is looking for a larger police department with more lateral and vertical diversity, Arlington Heights could be the ideal fit. President Tinaglia asked if overtime is a real deal breaker for some, which Chief Pecora stated that he thinks so.

Trustee LaBedz asked if new recruits always start off on the midnight shift and if there are opportunities for movement between shifts. Chief Pecora advised that during the Field Training program, new Officers have the opportunity to experience all three shifts and when they complete the program, Deputy Chief Pinnello will look to see where there is vacancy, which most often will be on the afternoon or midnight shift. Those with seniority tend to gravitate towards the day shift and sometimes it takes someone over 10 years of service to get a spot on the day shift. Trustee LaBedz asked if people are comfortable coming into the station to get NARCAN from the vending machine, which Deputy Chief Pinnello advised that it's usually not the people who are suffering from a substance abuse disorder, but family and friends coming on their behalf. Deputy Chief Czernecki advised the vending machine is being used regularly.

Trustee Shirley asked if there was specific legislation passed that reduced police officers protection when it comes to them having to make split second decisions that could potentially put their job in jeopardy, which Chief Pecora advised that he is unaware of any one piece of legislation, but believes that it could be the prosecuting State's Attorney's viewpoint on accountability, which is perhaps where the shift came. Trustee Shirley stated that he thinks the Police Department has done a great job taking on the challenges that make their job harder.

Trustee Zyck stated that he is thankful for the emphasis the Department is placing on officer wellness, as the police officers are the most important and the Board needs to make sure they have everything they need to be successful. Trustee Zyck asked about the work life balance and what Staff meant in their report when they suggested it might not be feasible. Deputy Chief Czernecki advised that the Police Department is a 24-hour, 365-day operation, and some of the benefits of having a non-law enforcement job in terms of having weekends and holidays off, are not often reality especially for new recruits, which is why they are trying to come up with some creative solutions to try and achieve somewhat of a work life balance. Trustee Zyck also asked about field assignments and what those might be, which Deputy Chief Czernecki advised field assignments are more directed patrol activities. Trustee Zyck asked if the Police Department partners with retailors in terms of knowing what their shoplifting policies are, which Deputy Chief Czerrnecki advised they do reach out to businesses to help find solutions to theft problems.

Trustee Bertucci asked about the current method Schaumburg is using in terms of recruitment and if our Police Department would ever consider using it. Chief Pecora advised that Schaumburg Police Department took a page out of Arlington Heights Police Department's playbook, with the exception of deleting the polygraph exam. Chief Pecora advised that the Arlington Heights P.D. works with Human Resources to establish a testing date and then an eligibility list, and with the new revisions in the Fire and Police Commission rules, the Police Department does a panel interview and gets a first look at the candidates. If they see that someone has potential, they expedite him or her through the background investigation. A detective then does the background investigation, followed by a polygraph and psychological examination, and then a physical exam is conducted. If all that comes back satisfactory, the candidate is then offered a job at Arlington Heights. Schaumburg P.D. is now doing almost exactly what Arlington Heights P.D. has been doing. Trustee Bertucci asked about CALEA and if our Police Department is at risk of losing this accreditation designation, based on the lower staffing level, which Deputy Chief Czernecki advised that there is not a staffing standard, therefore it is not an issue. Trustee Bertucci asked how the Citizens Police Academy (CPA) is doing, which Deputy Chief Pinnello advised that it still continues to be a very successful program and all Staff hears is nothing but positive responses from it. Trustee Bertucci recommends that any Trustee who has not gone through the CPA program should very much consider doing it. Trustee Bertucci asked about Ulta and Kohl's retail theft policies, as they seem to be victimized often. Chief Pecora advised that most retail establishments in town have directed their loss prevention agents to not go after anyone once they have left the business, as it could subject them to a workers compensation claim if they are hurt during the process.

Trustee Dunnington asked Randy if the work group recommendations from the Police Department that is working on staffing levels will be going to the Village Board soon, which Mr. Recklaus advised they will be. Mr. Recklaus stated that they are trying to go through some of the metrics to come up with a formula that indicates where the staffing levels should be. Trustee Dunnington asked about the current mental health initiatives and what the plans are for the future and if it will help with recruitment and retention. Chief Pecora advised that it certainly will and discussed the officer wellness team that the Department has. Trustee Dunnington asked if the Police Department is a proponent of speed cameras, as many of the complaints she hears from residents has to do with vehicles speeding. Chief Pecora advised that he is not a proponent of speed cameras, unless it is a data driven issue and the Department couldn't get officers out to do speed enforcement. Otherwise, he is not in support of them, as they may lead to bad will towards the Police Department.

Trustee Santa Maria asked if there is anything the Board can do to help the Police Department build morale among the police force, which Chief Pecora stated that just the Board's overall support is very helpful and much appreciated. Trustee Santa Maria asked if there are any emerging public safety tools that the Police Department would like the Board to consider. Chief Pecora advised that they have tools right now that are currently grant funded, but if they fall through, they may be going to the Board for funding. Trustee Santa Maria asked what steps has the Police Department taken to build or maintain trust with historically underserved or marginalized populations in Arlington Heights, which Chief Pecora advised that the whole community policing philosophy that allows members of the Department to go out and engage with those in the community has been vital in building bridges to the community. Trustee Santa Maria discussed the trauma that some of the youth who receive services from her organization experience from being around police officers and asked if there are any interventions or suggestions to bridge this gap. Chief Pecora advised that he instructs his officers to treat someone how they would like to be treated unless someone gives you reason not to. Everything starts out on a positive interaction. Trustee Santa Maria stated that she loves that the Police Department is building relationships with anyone who has a substance abuse disorder and so excited that they have the NARCAN vending machine and thinks that everyone should have some.

Trustee Manganaro agrees with Trustee Santa Maria that everyone should have NARCAN in their home because you never know if you may need it. Trustee Manganaro asked if the Department plans to hire from within to fill the upcoming supervisor vacancies, which Chief Pecora advised that promotions from within the Department up to Deputy Chief are codified in the Village's ordinance. Trustee Manganaro asked if the organized criminal activity is local, regional or national, which Deputy Chief Czernecki advised that it is mainly a regional issue, which is why the Arlington Heights Police Detectives meet often with detectives from the surrounding suburbs to discuss what type of cases they're getting and what the trends are. Trustee Manganaro stated that he appreciates the prudence with which the Department is applying AI.

President Tinaglia stated that he is worried about the officer wellness concerns that the Department has pointed out in their presentation and is challenging Staff to find a way to solve this, whether it be pay raises or vacation time. It is time to start thinking creatively and outside of the box to help find some work-life balance. President Tinaglia also stated that he would like to celebrate the Police Department's new hires and have them come before Board to get sworn in.

Health & Human Services

Mr. Recklaus advised that the Health & Human Services Department is currently without a Director, as James McCalister retired last week, therefore Supervising Nurse and Acting Director Lindsay Dohse and Senior Center Manager Tracy Colagrossi will be presenting the Health & Human Services report tonight.

Ms. Dohse advised that the Health & Human Services Department responds to the physical, environmental and social needs of the community. The Department is comprised of four divisions, including Environmental Health, Nursing Services, Social Services and the Senior Center. The Environmental Health Division consists of three Environmental Health Officers and works to protect the public safety of the residents. The Nursing Services Division consists of two registered nurses who provide comprehensive life-long care to Village residents with a focus on preventative health and screening for all age groups. Ms. Colagrossi advised that the Social Services Division consists of two team members who empower residents through a holistic approach that builds self-efficacy and delivers solution focused services that connects individuals to meaningful and effective resources. The Senior Center consists of five team members and is committed to creating enriching experiences and fostering social connections for adults aged 55 and over. Additionally, the Health & Human Services Staff serve on a variety of Commissions and Foundations.

Ms. Dohse discussed the workload and performance data, beginning with the Environmental Health Division, who saw seen an increase in food health inspections and a decrease in complaints. Nursing Services has seen a significant growth in the number of individuals obtaining services at the Senior Center, as well as an increase in the number of home visits. Social Services helped over 50 Arlington Heights residents avoid eviction and served 75 families through their holiday sponsor a family event. They also provided 45 holiday dinner baskets to residents. The Division also continues to serve the highest number of residents in crisis. The Senior Center has not only rebounded, but exceeded pre-pandemic visitor numbers. This growth reflects the collective focus on effective marketing, high quality services in programs and meaningful opportunities for the community and social connections.

Ms. Dohse discussed the key accomplishments, beginning with the Environmental Health Division, who continued promotion and collection of items for the Solid Waste Agency of Northern Cook County's recycling program, including holiday lights, rechargeable batteries, fluorescent bulbs and plastic bags. They also hosted several latex paint recycling events, as well as a document destruction and textile recycling event. The Environmental Division implemented the use of Tyler for all permitting, licensing and complaint management. The Nursing Services Division developed a new parent support group at the Arlington Heights Memorial Library. They also obtained a portable hemoglobin A1-C machine for resident and employee diabetes screening. The Nursing Services Division is now providing hearing and vision screening for students at Futabakai School, and is now collaborating with the Fire Department and Social Services to identify residents who might need more support in their home. Ms. Dohse advised that they also provide education for the community and Village employees, which includes offering CPR training and Lunch and Learn programs. Ms. Colagrossi advised that the Social Services Division launched an evidence-based matter of balance program in partnership with the Senior Center to help older adults increase activity and reduce their fall risk. They also established a grief support group and formed a new partnership with the Arlington Heights Library to offer bi-monthly office hours expanding community access to social services. They also promoted mental health educational programs and enhanced crisis response with law enforcement. The

Senior Services Division created a strategic plan with their partner agencies to focus on planning for future growth and programming, rebranding and revitalizing the Senior Center's image and enhancing communications. They are expanding intergenerational opportunities and partnering with Gerry's Café to host a pop-up café in their lobby to offer baked goods. The Senior Center also developed a Facebook page and is hosting "road shows" to extend their outreach to the community. The Senior Center is also hosting multi-cultural programs.

Ms. Dohse discussed some of the current and anticipated challenges, including updates to the state food code, which the Environmental Health Officers are doing a great job educating the restaurants of the new rules. The Nursing Services Division is experiencing an increase in-home resident care, as people are living longer and suffering from more chronic illnesses, and there is currently a nationwide caregiver shortage. The Social Services Division understands that housing costs remain a significant challenge for local residents and older adults on fixed incomes, as well addressing homeless, which is their biggest challenge. The Senior Center is looking to rebrand, which includes evaluating the name or educating people what a senior center is. The Senior Citizens Commission is focusing on community transportation.

Ms. Dohse advised some of the new initiatives by the Nursing Division include more collaboration with food pantries in the community and establish a chronic disease support group at the Senior Center. They also hope to collaborate with the houses of worship in the community to provide resources, as well as continuing to work with social services to improve health care outcomes. Social Services new initiatives include exploring partnerships with neighboring municipalities to homelessness response and is looking to join the International Hopeful City initiative to foster hope through collaboration efforts. The Senior Center is planning on renovating the center in 2030 and will continue working with Gerry's Café to explore a permanent café.

Trustee Shirely asked Mr. Recklaus if the Village is locked in on renovating the current Senior Center building or if there has been any discussion of a new build on the old Arlington Park property. Mr. Recklaus advised that anything is a possibility, although a fair amount of planning has already gone into the renovation based on the Board's direction a few years ago. They developed and spent some money on a plan that works for this site, as parking is a big issue. Mr. Recklaus advised that if the Board would like to revisit this discussion they can, however Staff would need to know soon. Trustee Shirley stated that the Arlington Park redevelopment should have land that's dedicated to the Village for recreational uses.

Trustee LaBedz asked about the Nursing Services home care and how someone accesses it. Ms. Dohse explained that it could be as simple as an individual recognizing that they need a little more help, children concerned about their parents, or referrals from physician's offices or home health agencies. They predominantly assist senior citizens but their services are available to residents of all ages. Trustee LaBedz asked about the AARP Age Friendly program and if being a part of that comes with any financial perks, which Ms. Colagrossi advised it does not. Trustee LaBedz stated that there are so many challenges for the senior population, especially in regards to affordable housing. Trustee LaBedz asked about the Hopeful Cities initiatives, which Ms. Kane advised that this program came through the Board of Health and is a national movement suggesting that hope can be fostered in many different ways to improve outcomes in communities and effect change.

Trustee Zyck advised that one benefit of the Senior Center's current location is that it gives a library presence in the southern end of the Village. Trustee Zyck asked about the high risk, medium risk and low risk that was discussed during the Environmental Health report, which Mr. Freres advised that they adopt the Illinois Food Code and are mandated to classify each restaurant based on the way they prepare food. There is more opportunity for food borne illness in medium and high-risk restaurants. Trustee Zyck asked about the meaning of the Village Model, which Ms. Colagrossi advised that it's a non-profit model where older adults could choose to pay a membership to be a part of this consortium that contains contact information of trusted handymen, plumbers, etc., to allow people to continue to age in place safely.

Trustee Manganaro asked if Staff knows the cost of the Senior Center's feasibility study, which Ms. Colagrossi stated she does not, but will find out. Trustee Manganaro asked if Staff has statistics on the rate of rise in residential rents, which Ms. Kane advised she doesn't have specific statistics with her but could definitely get that information. Mr. Recklaus advised that the recent community needs assessment that was done as part of the Community Block Development Grant program for the Planning Department has some of that data in it. Trustee Manganero also asked about the reason for the drop in the number of vaccines that the Nursing Services Division provides, which Ms. Dohse explained that this number has dropped because the number of individuals who have gotten vaccines has decreased. He also asked about the reason for the increase in Tuberculosis tests, which Ms. Dohse advised that the population they serve the most for this type of testing is the school district and park district and the increase is most likely due to an increase in their staffing.

Trustee Bertucci asked about battery disposal and education, which Mr. Freres advised that the Village belongs to the Solid Waste Agency of Cook County (SWANCC) who offer a bunch of recycling programs, which the Village participates in some. The Village has also partnered with Groot Industries, as they also offer some recycling programs. Trustee Bertucci discussed the dangers associated with rechargeable batteries and the recent house fire in Antioch that was caused by one. Mr. Freres advised that when they recycle the rechargeable batteries, they have to bag them separately and place them in a designated box. Trustee Bertucci asked if Staff was combining efforts to educate the public about these dangers, which Mr. Freres advised that he was unsure if the Fire Department was doing anything, but they can certainly partner with them. Mr. Recklaus stated that this is a serious issue and people need to know that once a battery is charged, the unit needs to get unplugged. The Village can definitely do a better job at getting the word out. Trustee Bertucci asked what Staff is doing to support and partner with the senior living facilities in town, which Ms. Dohse advised that they are partnering with Cedar Village to offer monthly wellness clinics and educational sessions. They also do outreach at Lutheran Village. Trustee Bertucci stated that he thinks it's a good idea to rebrand the Senior Center.

Trustee Dunnington stated that she recently attended the Aging in Place seminar and really enjoyed it.

Trustee Santa Maria asked if Catholic Charities is closing, which Ms. Colagrossi stated that they have terminated certain federally funded services but they do still do intake and referral out. She also asked what outreach efforts have been most successful in reaching the underserved population in Arlington Heights. Ms. Colagrossi advised that just being out in the community and making themselves available is a great step forward. Ms. Dohse advised that they do have one established food pantry in town. Trustee Santa Maria asked what investments would help them scale or improve their services, which Ms. Dohse stated that she would like to partner more and collaborate with the community. Mr. Recklaus stated that the Health & Human Services has dramatically increased their partnership with the library in recent years. Ms. Kane advised that the library makes an announcement when they're there offering services. Mr. Recklaus advised that Social Services along with the Fire Department has started doing "pop ups" at some of the apartment buildings in town to make connections.

President Tinaglia stated that he thinks the Senior Center needs a higher profile and his concern is the location. President Tinaglia stated that before the Village spends a lot of money on renovations, perhaps they should explore a relocation, whether it be a new build or renovation. Mr. Recklaus advised that they can have that discussion, but wanted to make everyone aware that the Senior Center has expanded their outreach and is now offering programs at some of the local park district buildings.

Finance Department

Ms. Gallagher advised that the Finance Department directs and manages the Village's operations overseeing a $232 million budget for the current fiscal year. They have strengthened their operations over the last several years with the implementation of the new ERP software, from optimizing processes to implementing new technologies. Ms. Gallagher introduced members of the Finance team, including Mary Ellen Juarez, Assistant Finance Director, Alexis Smulson, Accounting Manager and Kevin Baumgartner, Budget Coordinator/Accountant. Ms. Gallagher advised that in the past two years, the Finance Department successfully met every milestone of the ERP project while ensuring the seamless execution of their core responsibilities, including payroll, paying bills, collecting payments and completing the annual budget process and audit. The Finance team serves both internal (Village Board, Manager's Office, employees, pensioners) and external customers (residents, vendors, businesses, other government agencies).

Ms. Juarez provided a snapshot of the Finance Team and advised that they are always evaluating the best needs for the Department. She explained the core Village services that the Finance Department provides, including answering general inquiries, accounts payable, accounts receivable, payroll, utility billing, and following best practices in terms of purchasing and investments and incorporate internal controls. Ms. Gallagher advised that they also manage $160 million in cash and investments and follow state statue. In addition, Ms. Juarez discussed the Village Clerk position who not only safeguards records, but also coordinates all of the voter registrations and elections, as well as all of the FOIA requests, which have increased over the years. Ms. Gallagher explained the budget and audit process, which are quite complex and take a lot of time. She also discussed the Village's long-range financial planning strategy which aligns their mission driven goals and helps them with their financial stewardship. Their approach combines a five-year capital plan and a three-year financial forecast for the operating or general fund, which is the largest fund, and the water and sewer fund. The Village has been very fortunate to end the year with general fund surplus' and they have made financially prudent decisions to invest those funds into capital planning and the pension funds. The Village has also been keeping property taxes as low as possible. Key revenues, such as sales taxes and income taxes, have been moderating and the Village is seeing a slight moderation in the food and beverage tax. Ms. Gallagher stated that their best practices and solid financial footing really tells the story when you look at the Village's strong credit rating, which is Aa1 for Moody's. Ms. Gallagher discussed the Village's staffing and how it has decreased over time and how each time there is a vacancy, each Department carefully evaluates the need of not only the Department, but the Village at that time and what the industry is telling them.

Ms. Gallagher discussed the Finance Department's key accomplishments, including the Memorandum of Understanding that they worked with the Manager's Office on to address some of the open issues related to the property taxes and the protection of the Village and school district's interests, as well as help lead the way, along with the Public Works Department, for the water and sewer rate study and the Lead Service Line planning project. They were also instrumental in planning for the issuance of bonds last year, as well as the fifth ambulance and revenue planning.

Ms. Gallagher advised that they will continue to keep an eye on revenues, as well unfunded mandates and grants. Ms. Gallagher explained how there are proposals in the current legislative session to change all of Tier 2 pensions to Tier 1, which would affect the Village's finances. Ms. Gallagher advised that the Finance Department will be part of the Arlington Park redevelopment project and continue to identify key investment aspects to ensure that it is a net fiscal benefit for the community. The Finance Department is currently working on an inter-departmental fees review, to see what types of fees potentially need to be modified, increased or added. Lastly, with the State of Illinois eliminating the 1% grocery tax, Staff will be coming to the Board for discussion and a recommendation, as well as evaluating the streaming tax, which was identified as a potential revenue source for the fifth ambulance.

President Tinaglia asked about parking fees in the parking garages and if Finance reviews these fees on a regular basis, which Mr. Recklaus advised that it is a team effort, and it's probably time to review these fees.

Trustee Santa Maria asked what changes, if any, Staff recommends to strengthen the Village's long-term financial position, which Ms. Gallagher advised that there is nothing specific that stands out right now.

Trustee Bertucci asked about the cable tax and how much the Village has lost in the last few years, which Ms. Gallagher advised that the Village has lost quite a bit over time, and in terms of expenditures there are things the Village has to maintain on the right-of-way. Trustee Bertucci asked if the streaming tax will bring in more than the cable tax or less, which Mr. Recklaus advised that the Village is not projecting anything close to the revenues the tax on cable brought in. Trustee Bertucci asked about the availability of the parking spaces and if the Village is experiencing an increase in commuters now that more companies are requiring their employees to return to the office, which Mr. Recklaus advised that they are and Metra usage is back up to 75 – 80% of what it was before.

Trustee LaBedz advised that although commuter parking has changed, some of it has come back since the pandemic. Trustee LaBedz asked about the Tier 2 pension benefit, which Ms. Gallagher stated that there are currently a variety of proposals being discussed in Springfield and if the decision is made to eliminate Tier 2 and have all Tier 1 pensions, that would have a significant effect on the Village, therefore they will continue to monitor it. Trustee LaBedz asked if everyone pays the same into their pension, which Ms. Gallagher advised they do. Mr. Recklaus stated that the benefits are less for Tier 2.

Trustee Shirely stated that he is concerned with the Tier 2 pension discussions and hopes that legislatures understand the burden changing Tier 2 to Tier 1 would put on a municipality.

Trustee Manganaro asked if the decrease in the telecom revenue is a result of less land lines, which Ms. Gallagher stated yes.

Trustee Zyck stated that the most important thing is the budget and a zero percent tax levy is always a good thing. He would like to see some creativity by Staff as they fill in these revenue gaps.

President Tinaglia advised that a Village like ours isn't as good as it is without a strong Finance Department.

Other Business

None.

Public Comment

None.

Adjournment

Trustee Bertucci moved, seconded by Trustee LaBedz, to adjourn the meeting at 9:58 p.m. Upon a voice vote, the motion passed unanimously.

Committee of the Whole
6/30/2025

Item: 2026 Capital Improvement Program Update
Department: Finance

Item Description:
A detailed five-year Capital Improvement Program (CIP) is developed during even-numbered years, with special emphasis on the first two years of the plan. This reflects the multi-year nature of many of the capital projects that are included in the CIP. In years like this one, when a detailed CIP is not presented to the Village Board, the following activities take place:

A. Staff provides the Village Board with a summary update showing any changes in estimated costs from the prior year.

B. After the local election process that occurs every two years, each Department prepares a presentation for the "new" Board. This is followed by the Village Board's biennial goal-setting process. After the Board's goals and objectives are established, Staff develops a two-year business plan that reflects the Board's stated goals.

2026 Capital Improvement Program Update

The CIP update is an important part of the budget process, as capital projects comprise a significant portion of the Village's spending. As such, it is important that we reexamine the Village's capital projects to determine if the priorities previously set still hold true, and to review the 2026 capital expenditure budget projections.

The following funds have no changes in projected capital expenditures from what was planned during the 2025 five-year CIP process for their 2026 budgets:

- **Motor Fuel Tax Fund (211)** - $3,926,200
- **Hickory/Kensington TIF Fund (266)** - $2,600,000
- **Lead Service Line Replacement Fund (506)** - $4,027,000
- **Arts, Events & Entertainment Fund (515)** - $109,000
- **Fleet Fund (621)** - $2,342,600
- **Technology Fund (625)** - $214,500

The following funds have had their capital budget projections adjusted from their original 2026 projections estimated in 2024:

Criminal Investigation Fund (231) – Projected capital expenditures increased $26,000, from $219,900 originally; and is now projected to be $245,900 in 2026. This increase is specifically for the Patrol Vehicle Equipment Replacement Program due to additional vehicles needing to be outfitted and increased costs for that equipment.

Municipal Parking Operations Fund (235) – Projected capital expenditures increased $50,000, from $1,065,400 originally; and is now projected to be $1,115,400 in 2026. This increase is specifically for additional funding being spent on Municipal Parking Lot Improvements in 2026.

TIF IV Fund (263) – Projected capital expenditures increased $2,800,000, from $665,000 originally; and now is projected to be $3,465,000 in 2026. The increase is specifically planned redevelopment costs that were expected to be incurred during 2025 but are now expected in 2026.

TIF V Fund (264) – Projected capital expenditures decreased $214,500, from $815,000; and now is projected to be $600,500 in 2026. The decrease is due to portions of the Rand Road Corridor Identification Enhancement project being deferred to 2027.

S Arlington Heights Rd TIF Fund (267) – Projected capital expenditures increased $322,500, from $500,000 to $822,500, due to additional funding being spent on South Arlington Heights Road Redevelopment projects.

Capital Projects Fund (401) – Projected capital expenditures increased $723,000, from $11,382,400 to $12,105,400. There were 17 projects with adjustments. Many of the changes are related to inflationary cost increases that were previously not factored in to future equipment purchases. Other adjustments were made as a result of reallocating funding.

For example, the largest increase is in the Roof Maintenance Program. The projected increase in 2026 of $303,000 is for fall protection at the Fire Training Tower that was previously projected to be done in 2027 but was moved up to 2026. The next largest increase of $150,000 in the Downtown Streetscape Improvements project is the result of moving funds budgeted for 2025 to 2026 as this work will not be done this year.

Funding for street programs remains steady at $5,900,000 but adjustments to the Street Program and its sub-projects have been made as some timing has changed. Engineering for Kennicott Avenue Reconstruction will be done in 2026 and Arthur Avenue Reconstruction has been deferred to 2027.

Storm Water Control Fund (426) – Projected capital expenditures increased $20,000, from $800,000 to $820,000 due to the addition of some preliminary work related to exploration of the Permeable Paver Alley Off Northwest Highway Wilshire to Carlyle project.

Water & Sewer Fund (505) – Projected capital expenditures decreased $258,800. It was initially projected to be $8,919,800, but is now projected at $8,661,000. The projected budget increased $20,000 for Operational Equipment. Water Tank Repainting decreased $278,800 as the One Million Gallon Hydro Pillar Well 12 was deferred to 2027.

Recommendation
Review and discuss the capital improvement program update with the Village Board at the June 30, 2025 Committee of the Whole Meeting. Recommend approval of the 2026 Capital Improvement Program Update at the July 7, 2025 Village Board Meeting.

ATTACHMENTS:
None

VILLAGE OF ARLINGTON HEIGHTS
INC. 1887

Committee of the Whole
6/30/2025

Item: Operating Fund Overview/Recommended Budget Ceilings - 2026

Department: Finance

Item Description:
The Operating Fund Overview and Budget Ceiling process serves as the Village Board's mid-year review of the Village's financial position, provides an initial property tax estimate for the coming year, and establishes budget ceilings for Village Departments as they prepare their budget proposals for the 2026 Budget. At the June 30, 2025, Committee of the Whole Meeting, the Village Board will discuss the Operating Fund Overview/Recommended Budget Ceilings for 2026. Each year in June, this information is presented as an initial step in the budget process. Once the budget ceilings are developed by staff, the Village Board provides additional guidance on other high-level financial goals and other objectives to aim for with the development of the budget.

The upcoming 2026 Budget cycle will continue to be more challenging for the General Fund, as this fund's key operating revenues show slower growth versus expenditures which are still increasing due to inflation. Last year, a rate study was completed, setting water and sewer rates for the next five years to support planned infrastructure improvements in the Water & Sewer Fund.

The 2026 budget ceiling recommendation includes maintaining a minimal increase to property taxes while moderating revenues that are sensitive to economic fluctuations, such as sales taxes. This approach is essential for ensuring the sustainability of services and planning effectively for the future. For example, implementing a phased strategy to address public safety staffing needs.

Operating Fund Overview

The General Fund and the Water & Sewer Fund are the Village's key operating funds covered in this analysis. As of the end of 2024, the General Fund's ending balance as a percent of expenditures equaled 41.62%. This was in excess of the Village's <u>minimum</u> fund balance policy of 25% of expenditures. Maintaining adequate reserves helps ensure the Village's excellent bond rating, which lowers bond interest charges associated with that rating. These reserves also provide a source of funds for extraordinary weather-related events or other damages (pandemics), and provide the flexibility needed to make prudent decisions during times of economic uncertainty.

The Water & Sewer Fund's 2024-ending working cash balance came in higher in 2024 due to personal services coming in lower than budget. Revenues came in just below budget for 2024. However, this Fund has underperformed over the last few years due to water and sewer service charge revenues coming in much lower than projected. This is likely due to weather conditions, more efficient plumbing systems, and older water meters that tend to slow down as they reach the end of their useful lives. In 2024, the Village Board approved a five-year water and sewer rate adjustment plan. The plan adjusted water and sewer rates by 2.75%. The goal of the next five-year plan will be to reach a sustainable annual funding level based on water and sewer revenues, without the need for transfers-in from other funds.

Conservative revenue estimates have been used in the three-year projections for each of these operating funds. In addition, full staffing levels have been assumed without regard to temporary vacancies that occur each year. For this reason, the projections can be considered "worst-case" scenarios of the future. This is more evident with the General Fund because of the variety of revenue sources that are dependent on the local economy. On the other hand, the Water & Sewer Fund's revenue stream is based on user fees, which are somewhat more predictable but vary depending on usage.

General Fund

The Village was able to maintain a strong fund balance in this fund over the last few years. From 2021 to 2023, the Village experienced significant increases in sales and income tax receipts as the initial effects of the pandemic waned; New sales tax receipts on internet sales became effective in 2021, unemployment rates remained very low, and the State increased the amount shared with municipalities through the Local Government Distributive Fund (LGDF). From 2021 to 2023, the General Fund ended each year with a surplus. As a result, the Village Board was able to approve transfers-out to selected Village capital, lead line replacement, and public safety pension funds. For 2024, the General Fund ended with a surplus and the Village Board was able to approve transfers to public safety pension funds, fleet fund, parking fund and the capital projects fund. **Exhibits 1 and 2** show the history of Sales and Income tax receipts, respectively. These revenues have historically been the Village's key General Fund growth revenues that cover expenditure increases.

Last year at this time, Staff projected that sales tax revenues would start to slow. That is now clearly happening as consumers are starting to pull back on purchases or dining out. In addition, the state and federal laws requiring the payment of sales taxes on internet sales as of January 2021 had a pronounced effect on the Village's sales tax receipts. In 2022 and 2023, total internet sales receipts from Amazon, E-Bay, Google, Etsy, Door Dash and others came to about $2 million and the amount has increased slightly for 2024. These revenues are now part of our sales tax revenue base. 2025 sales tax receipts are currently projected to come in about 1-2% above budget.

Income tax receipts have remained strong and are projected to come in 2% over budget in 2025. For FY2023 and FY2024, the State increased the local share of the Local Government Distributive Fund (LGDF), raising the municipal portion from 6.06% to 6.16% in FY2023, and then to 6.47% in FY2024. The municipal share remains the same for FY2025. The municipal share of the LGDF which is paid on a per capita basis, was originally 8.3% in 1969, increased to 10% in 1993, and was then decreased to 5.45% in 2017. The two recent increases resulted in Village income tax receipt increases from this action alone, amounting to 1.65% in 2023 and 7% in 2024. The balance of our income tax increase was due to increased inflation and low unemployment rates. For 2025 and beyond, Staff is projecting that income tax receipts will level off to a more normal pace of growth ranging from 2%-4% where previous year's projections showed 7%-9%.

Other significant General Fund revenue increases in 2024 and 2025 include the recent Village Board-approved changes to ambulance fees. In addition, in 2024, the ambulance billing agency changed collection companies. Fees for 2024 increased by $1.4 million and the 2025 projection also shows an increase due to the new fees and collections. The fees charged now match the amount determined annually by the Illinois Health & Family Services (HFS) Department through the Ground Emergency Medical Transportation (GEMT) Program. For 2024, the Village's interest income came in better than budget by $1.3 million. The 2025 and 2026 projections account for investment expectations, reflecting the changes made to the Village's Investment Policy in 2024. However, as the Fed reduces rates in the future, interest earnings may decrease somewhat.

On the expenditure side, the General Fund spending trends reflect the effects of inflation and union contract agreements. For 2026, public safety pension costs reflect an increase of $1,058,000. In 2022, the stock market performed badly and the public safety pension funds lost about 25% of their value. Per our actuary's calculation, gains and losses are amortized over three years. For 2024, the portion of the loss was covered by still surging sales and income tax receipts. For 2025, the portion of the loss was added to the tax levy. While the Village contributed additional amounts from surplus transfers, when pension funds experience significant losses in one year, it takes several years to normalize again.

Police and Fire Pensions are governed by state statute and operate separate defined benefit plans with benefits determined by years of service and salary. Funding consists of three primary components: employee contributions, employer contributions (required annual amount by statute) and investment earnings. State statute sets the contribution rates for each plan, and the same rates apply to both Tier 1 and Tier 2 members. Each plan has its own pension board for benefits, a separate investment policy and investments which are administered on a state-wide level.

Revenue sources such as sales taxes, which help offset tax levy increases, are beginning to level off. At the same time, amortized losses will increase the required annual contribution to these funds in the coming year. **Exhibit 3** shows the two separate attachments from the actuary's calculation for this year's amortization of the loss to the Police Pension Fund and the Fire Pension Fund. As will be discussed in the proposed property tax section of this memo, the annual required contribution costs of the public safety funds have a direct effect on property taxes.

The 2026 expenditure projections also reflect changes to personal services such as wages, benefits and health insurance. Health insurance projections are a combination of our plan's experience and outlook as a group, inflationary pressures on the medical and pharmaceutical sector, and consolidation of carriers in the marketplace. Ongoing monitoring with our health insurance provider will continue to identify any potential increases to the budget projection. The Village is actively working at options for savings such as plan designs and employee contributions.

Exhibits 4 and 5 – General Fund include a summary of revenues and expenditures and an alligator chart of General Fund revenues and expenditures for 2024 through 2028. The General Fund's revenue base is comprised of certain key "growth" revenues that are susceptible to economic changes, so balancing this fund is normally somewhat challenging. The attached summary shows that General Fund revenues are currently projected to come in $1.5 million above budget for 2025. However, there may some sensitivity to consider for sales taxes, grants and interest earnings. The expenditure side of the 2025 General Fund projection reflects some savings from budgeting for full staffing, as normal vacancies provide some flexibility. Total 2025 General Fund expenditures are estimated to come in 1% or about $1.3 million under budget. When combined with the revenue results outlined above, the Village is currently projecting a $2.3 million surplus for 2025. However, the 2025 projection is based on only four to five months of data, and the 2025 financial outlook is subject to change as more information becomes available throughout the year.

The historical and three-year projections for the General Fund for 2026 through 2028 reflect past performance, and provide estimates of the fund's projected revenues and expenditures. To project these expenditures Staff prepares detailed spreadsheets which include each authorized position. As noted earlier, these projections conservatively assume that all positions are filled and that there are no vacancies. Any lengthy vacancies can result in savings in a given year, although those savings are often offset somewhat by increased overtime costs from fellow employees.

Some key revenue and expenditures assumptions are shown below.

General Fund Assumptions

Revenues:
Food & Beverage Tax (FBT) +2% in 2025 proj. +3% in 2026, 4% in 2027, and 2% in 2028
Home Rule Sales Tax +1% in 2025 proj. +1% in 2026, 0% in 2027, and 0% in 2028
Sales Tax +2% in 2025 proj. +4% in 2026, 2% in 2027, and 2% in 2028
Income Tax +2% in 2025 proj. +4% in 2026, 2% in 2027, and 2% in 2028
Property Tax (Village only) +3.63% for the 2025 levy collected in 2026, and 2% - 3% hereafter
Telecommunications Tax 0% in 2025 proj, 0% in 2026, 0% in 2027 and thereafter
Utility Tax + 0%

Expenditures:
Personal services
Includes wages, benefits and other personal services increases, such as health insurance.

Property Tax Projections

One of the key goals is to work to keep any proposed property tax increase as low as possible, as shown in **Exhibit 6 – Property Tax Levy History.** A second key Staff goal is to try to ensure that sufficient funds are available to provide a consistent, high level of Village services each and every year. The projected 2025 property tax levy for the 2026 Budget reflects a 3.63% increase. Of the $1,417,300 increase in the General Fund, 79% or $1,125,000 is attributed to the annual required contribution (ARC) for IMRF, police and fire pensions. The Village accounts for approximately 11% of a typical property tax bill. Based on a median home value of $450,000, the estimated increase in the Village's portion of the tax bill is $39.

As shown in **Exhibit 7,** the first step in developing the Village's property tax levy is entering the known debt service payment requirements. The debt service levy reflects the Village's long-term plan to maintain a 0% increase in the debt service levy, while planning for potential bond issues every five-years due to maturing debt. The slight decrease of $2,000 is due to the amount shown on the bond documents.

Last year's levy showed that the Capital Improvement levy for 2024 shows an increase of $100,000. This year the amount of $5,800,000 remains the same as there is funding available to in this fund to cover annual projected cost increases in the street program from the surplus transfer completed for 2024.

The annual required contributions (ARC) for the Police and Fire Pension levies, are then entered based on annual actuarial studies. Annual gains and losses are smoothed over three years by the actuary in order to limit the one-year effect of a significant market change. An increase of 7% to 11% in the ARC for the public safety pension funds is expected for this tax levy year. A similar increase may need to be anticipated in next year's tax levy, based on current market returns.

Due to positive investment returns and actuarial changes approved by the IMRF Board over the last few years, the Village's IMRF contribution rates decreased significantly from 11.47% to 8.01% of payroll in 2025. For 2026, the contribution rate increased from 8.01% to 8.28%.

The remaining property tax levies are for the General Fund's Police and Fire Protection levies, which are based on the revenue needed to balance the General Fund budget after all other revenues are projected.

5th Ambulance Staffing Program – Implementing a Streaming Tax

The Village Board approved a two-year plan to implement and fund a new 5th ambulance service, based on performance measures showing significant increases in annual ambulance service calls. In 2024, the Village Board approved the purchase of a new ambulance for the planned ambulance service expansion. The Village Board directed Staff to work on developing a two-year funding plan to implement the new 5th ambulance program.

In September 2024, Staff presented a plan to the Village Board, which will cover the $1.12 million 2026 cost of hiring six new Paramedic positions for the new 5th ambulance service. This multi-year plan included adding $292,000 of additional Paramedic overtime to the 2025 Budget to provide 260 days of peak hour 5th ambulance service. When the Village moves to a full-time 5th ambulance service in 2026, this additional overtime was deducted from the projection for 2026.

Full implementation of this plan anticipates generating new revenues in 2026. This includes the projected recapture of $175,000 in ambulance fee revenue in 2026 as a result of reduced mutual aid provided by our neighboring communities. As part of the previously discussed planning, a key new revenue source to help fund the 5th Ambulance will be the introduction of a streaming tax. Over the years, cable franchise fees have stagnated, as a number of our residents have chosen internet streaming services over regular cable or premium channels. Streaming services still require the use of public rights-of-way for cable lines or repeater stations to deliver entertainment to Village businesses and residents. Based on a recent survey, it is estimated that the Village could generate at least $500,000 per year from a 5% streaming fee, which is the same percentage charged for cable franchise fees. The budget ceiling recommendation assumes starting the streaming tax mid-2025 with full realization in 2026.

Local Grocery Tax

During 2024, the State passed legislation that will eliminate the 1% tax on groceries as of January 1, 2026, unless a municipality opts to retain it. The grocery tax is currently statewide, but revenue collected is sent to local municipalities. This legislation will not affect State finances, but it will pose a significant revenue shortfall for municipalities. The local grocery tax is crucial, as eliminating it would create a significant $1.3 million gap in the Village's budget.

Municipalities that wish to retain the grocery tax effective on January 1, 2026, should adopt an ordinance by October 1, 2025, to ensure timely filing with the Illinois Department of Revenue. Many of our neighboring municipalities have retained a local grocery tax. If the Village did not continue a local grocery tax, the Village would have to make up the $1.3 million shortfall through service reductions or an increase in property taxes close to 7% next year. The budget ceiling recommendation includes an assumption that a local grocery tax will be implemented by October 1, 2025.

Water & Sewer Fund

During 2024, Staff developed a five-year water and sewer rate adjustment plan for the Village Board's review and its subsequent approval. The approved plan increases water and sewer rates by 2.75% per year. The 2026 combined rate for water and sewer is $11.20 per 1,000 gallons. The 2024 Water and Sewer Survey shows that the average combined water and sewer rate for area municipalities is currently $12.48 per 1,000 gallons. Even after five years, the Village's combined rate is projected to remain below this current average, at $12.15 per 1,000 gallons by 2029.

With investments made over the past ten years, the Village is on track to sustainably meet its goal of replacing $4 million worth, or 1% of our water mains each year. The 2025 Budget includes the third year of a three-year plan to replace the Automated Meter Reading (AMR) system, and the residential water meters. In the coming years, more accurate meter readings and reduced water loss from water main breaks are expected to improve revenue for the Water & Sewer Fund. **Exhibits 8 and 9** show the historical and three-year projections for this fund. The Fund is showing a positive surplus projected for 2026.

Proposed Budget Ceilings for 2026

The 2026 budget process began in March 2025 when preparations began for developing the five-year 2026-2030 Capital Improvement Plan (CIP). The second step in the Village's budget process includes the financial review of the two key operating funds, the General Fund and the Water & Sewer Fund, culminating in the establishment of budget ceiling amounts for these two operating funds. As part of this step, staff makes various assumptions on revenue, expense, and property tax increases as outlined earlier. These two steps lead to the development of the proposed budget document which is reviewed prior to approval of the final budget. **Exhibit 10** is a copy of the budget calendar for the 2026 Budget.

The recommended expenditure ceilings for the General Fund and the Water & Sewer Fund are based on the following projections:

	General Fund	Water & Sewer Fund
Revenues	$ 97,159,300	$ 27,716,200
Expenditures	(97,159,300)	(26,935,400)
Surplus (deficit)*	0	780,800
Beginning Balance	39,590,622	5,381,105
Ending Balance	$ 39,590,622	$ 6,161,905

Recommendation:

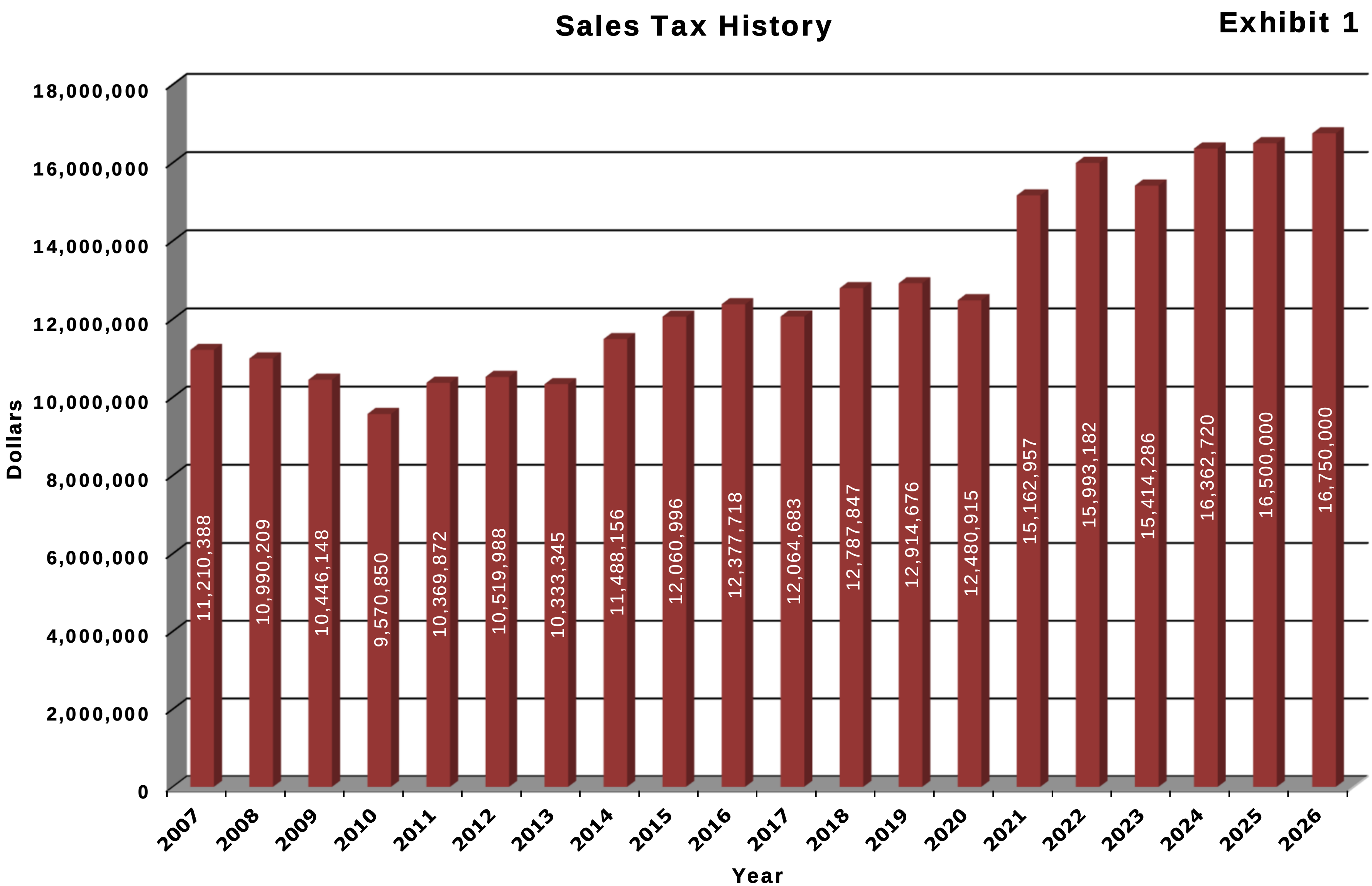
Discussion of the proposed budget ceilings at the June 30th Committee of the Whole Meeting. Review and further discussion would establish budget ceilings for Village Departments as they prepare their budget proposals beginning in July.

Recommend approval of the proposed budget ceilings for 2026 of $97,159,300 for the General Fund; and $26,935,400 for the Water & Sewer

Fund from the Committee of the Whole at the July 7, 2025, Village Board Meeting.

ATTACHMENTS:

1. Exhibits 1-10


Sales Tax History
Exhibit 1
Dollars
18,000,000
16,000,000
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
0
11,210,388
10,990,209
10,446,148
9,570,850
10,369,872
10,519,988
10,333,345
11,488,156
12,060,996
12,377,718
12,064,683
12,787,847
12,914,676
12,480,915
15,162,957
15,993,182
15,414,286
16,362,720
16,500,000
16,750,000
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
Year

Income Tax History

Exhibit 2

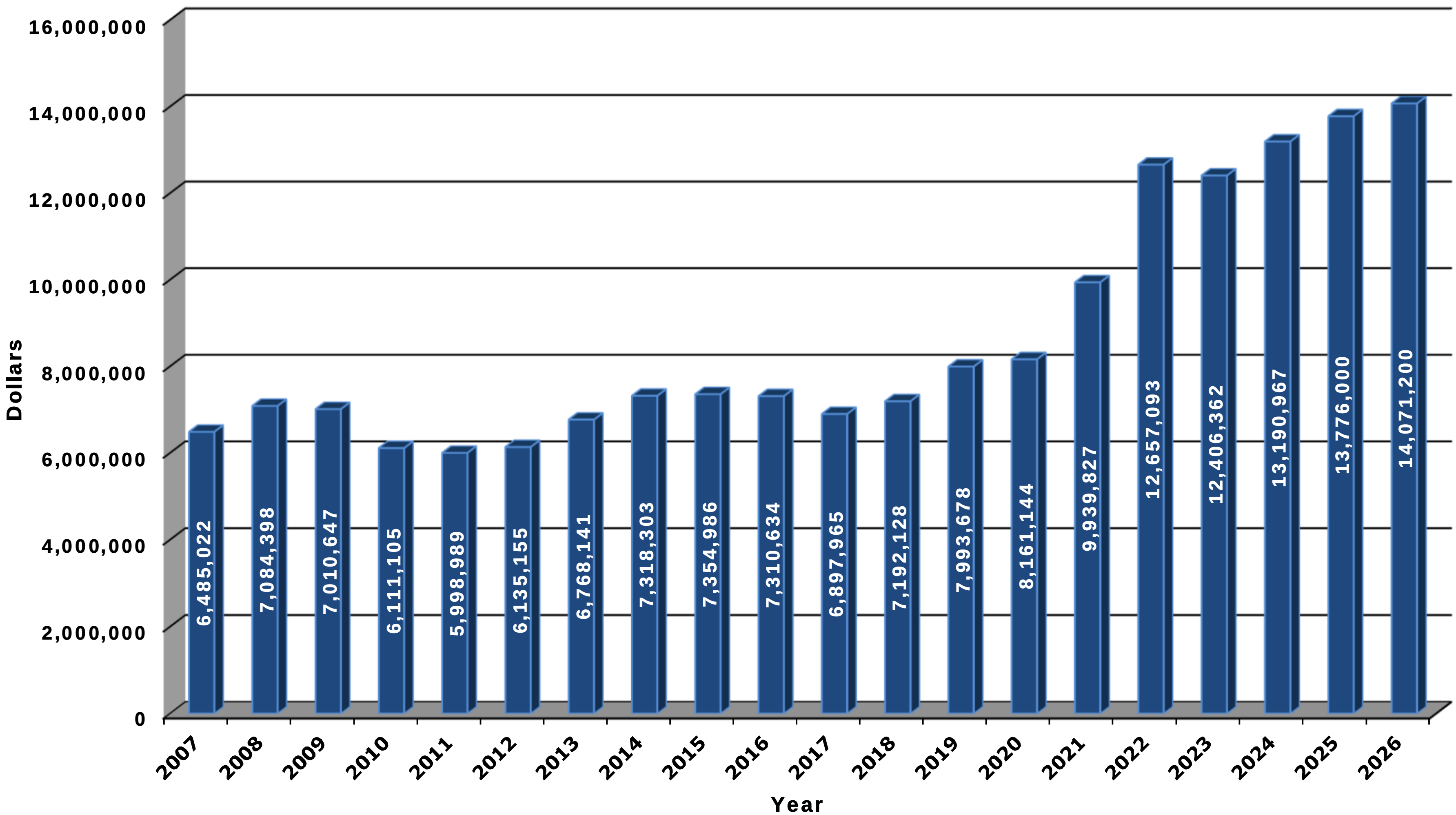


Exhibit 3 – Actuarial Value of Assets

Under 40 ILCS 5/3, the statutory minimum required contribution is to be determined based upon Actuarial Value of Assets, which are asset values which have been smoothed, beginning with the year 2011. The Actuarial Value of Assets has been calculated below based upon the expected value of assets at January 1, 2025 with adjustments for the preceding year's gains/losses, which are reflected at the rate of 33-1/3% per year.

1. Expected Return on Assets	
a. Actuarial Value of Assets as of Beginning of Year	$ 184,784,965
b. Income and Disbursements During the year	
i. Contributions Received (weighted 50%)	$ 3,111,089
ii. Benefit Payments and Expenses (weighted 50%)	5,567,991
iii. Weighted net income (other than investment income) (i) – (ii)	(2,456,902)
c. Actuarial Value adjusted for income and disbursements	$ 182,328,063
d. Expected Return on Assets at assumed rate of 6.75%	**$ 12,307,144**
2. Actual Return on Assets for year	
a. Market Value of Assets (Beginning of Year)	$ 179,075,473
b. Income (less investment income)	6,222,177
c. Disbursements	11,135,981
d. Market Value of Assets (End of Year)	197,085,560
e. Actual Return on Assets (d) – (a) – (b) + (c)	22,923,891
f. Investment Gain/(Loss) for year 2(e) - 1(d)	**$ 10,616,747**
3. Actuarial Value of Assets	
a. Expected Actuarial Value of Assets as of End of Year	$ 192,178,305
b. Deferred Investment gains/(losses)	
i. 1/3 of 2024 gain of $10,616,747	3,538,916
ii. 1/3 of 2023 gain of $11,655,883	3,885,294
iii. 1/3 of 2022 loss of ($35,345,637)	(11,781,879)
iv. Total	(4,357,669)
c. Actuarial Value of Assets for statutory funding 3(a) + 3(b)(iv)	**$ 187,820,636**

The chart below shows the comparison of smoothed to market assets over the past five years:

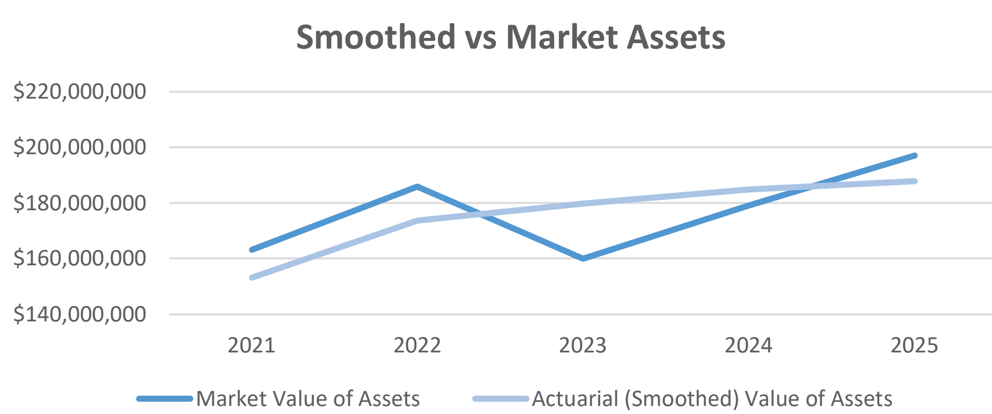
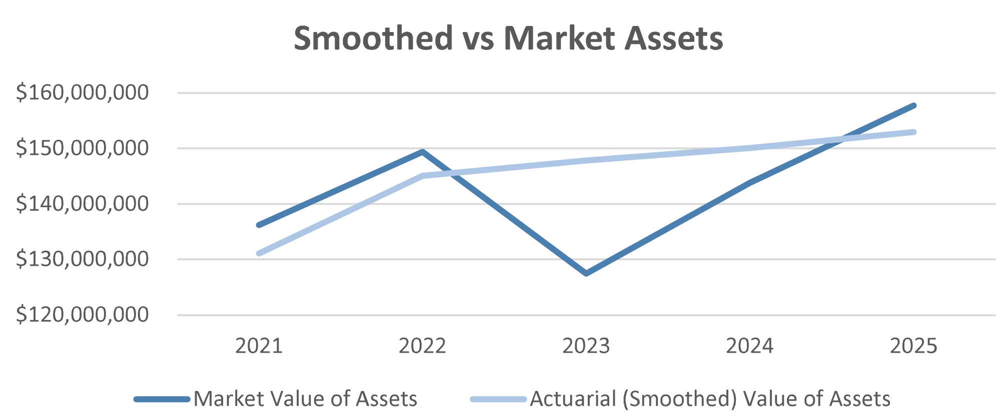


Exhibit 3 – Actuarial Value of Assets

Under 40 ILCS 5/4, the statutory minimum required contribution is to be determined based upon **Actuarial Value of Assets**, which are asset values which have been smoothed over a three-year period, beginning with the year 2011. The **Actuarial Value of Assets** has been calculated below based upon the expected value of assets at January 1, 2025 with adjustments for the preceding year's gains/losses, which are reflected at the rate of 33-1/3% per year.

1. Expected Return on Assets	
a. Actuarial Value of Assets as of Beginning of Year	$ 150,046,168
b. Income and Disbursements During the year	
i. Contributions Received (weighted 50%)	$ 3,891,015
ii. Benefit Payments and Expenses (weighted 50%)	4,589,333
iii. Weighted net income (other than investment income) (i) – (ii)	(698,318)
c. Actuarial Value adjusted for income and disbursements	$ 149,347,850
d. Expected Return on Assets at assumed rate of 6.75%	**$ 10,080,980**
2. Actual Return on Assets for year	
a. Market Value of Assets (Beginning of Year)	$ 143,776,890
b. Income (less investment income)	7,782,029
c. Disbursements	9,178,666
d. Market Value of Assets (End of Year)	157,710,269
e. Actual Return on Assets (d) – (a) – (b) + (c)	15,330,016
f. Investment Gain/(Loss) for year 2(e) - 1(d)	**$ 5,249,036**
3. Actuarial Value of Assets	
a. Expected Actuarial Value of Assets as of End of Year	$ 158,730,512
b. Deferred Investment gains/(losses)	
i. 1/3 of 2024 gain of $5,249,036	1,749,679
ii. 1/3 of 2023 gain of $8,661,331	2,887,110
iii. 1/3 of 2022 loss of ($31,150,516)	(10,383,505)
iv. Total	(5,746,716)
c. Actuarial Value of Assets as of December 31, 2024 3(a) + 3(b)(iv)	**$ 152,983,796**

The chart below shows the comparison of smoothed to market assets over the past five years.



GENERAL FUND
THREE YEAR PROJECTIONS
FISCAL YEARS 2026 THROUGH 2028

Exhibit 4

SOURCES OF FUNDS

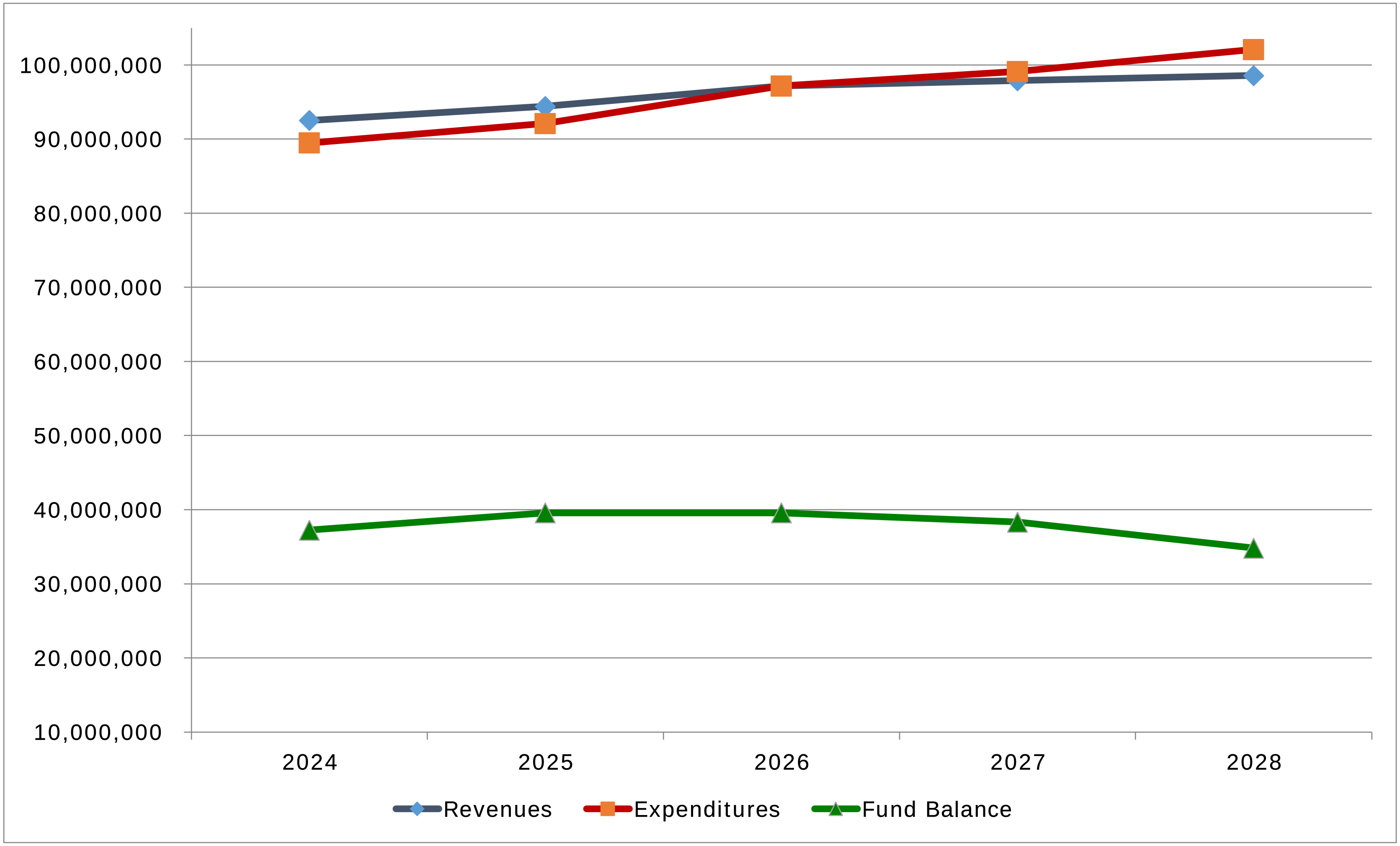
	2023 ACTUAL	2024 ACTUAL	2025 PROJ ACTUAL	$ +, - From Bud	% +, - From Bud	2025 CURR BUDGET		2026 PROJ BUDGET		2027 PROJ BUDGET		2028 PROJ BUDGET
BEGINNING FUND BALANCE	**$ 32,802,659**	**$ 34,230,079**	**$ 37,252,322**			**$37,252,322**		**$39,590,622**		**$39,590,622**		**$38,339,322**
TAXES												
Property Tax	$ 24,574,600	$ 25,494,334	$ 26,680,500	$ -	0%	$ 26,680,500	5%	$ 28,097,800	0%	$ 28,097,900	0%	$ 28,098,000
Sales Tax	15,414,286	16,362,720	16,500,000	364,000	2%	16,136,000	4%	16,750,000	2%	17,085,000	2%	17,427,000
Home Rule Sales Tax	7,299,874	7,483,183	7,800,000	$54,000	1%	7,746,000	1%	7,800,000	0%	7,800,000	0%	7,800,000
Use Tax	3,052,746	2,737,220	2,915,900	$0	0%	2,915,900	1%	2,945,000	0%	2,945,000	0%	2,945,000
Income Tax	12,406,362	13,190,967	13,776,000	$270,000	2%	13,506,000	4%	14,071,200	2%	14,332,000	2%	14,619,000
Food & Beverage Tax	2,497,517	2,609,939	2,700,000	$43,000	2%	2,657,000	3%	2,730,000	4%	2,850,000	2%	2,900,000
Telecommunications Tax	1,683,886	1,675,344	1,700,000	($6,000)	0%	1,706,000	0%	1,700,000	0%	1,700,000	0%	1,700,000
Hotel Tax	917,624	1,038,147	1,000,000	$75,000	8%	925,000	8%	1,000,000	0%	1,000,000	0%	1,000,000
Electric Utility Tax	2,671,955	2,666,164	2,800,000	$0	0%	2,800,000	0%	2,800,000	0%	2,800,000	0%	2,800,000
Natural Gas Utility Tax	1,907,702	1,735,585	2,100,000	$0	0%	2,100,000	0%	2,100,000	0%	2,100,000	0%	2,100,000
All Other Taxes	1,653,640	1,078,857	1,270,000	$65,000	5%	1,205,000	32%	1,595,000	0%	1,595,000	0%	1,595,000
TOTAL TAXES	74,080,192	76,072,460	79,242,400	865,000	1%	78,377,400	4%	81,589,000	1%	82,304,900	1%	82,984,000
INTERGOVERNMENTAL	905,786	1,402,479	449,000	($172,000)	-28%	621,000	-28%	449,000	0%	449,000	0%	449,000
LICENSES/PERMITS												
Vehicle Licenses	284,072	0	0	$0	0%	0	0%	0	0%	0	0%	0
Business Licenses	486,770	642,801	650,000	$0	0%	650,000	0%	650,000	0%	650,000	0%	650,000
Building Permits	1,354,171	1,960,468	1,702,500	$208,700	14%	1,493,800	14%	1,697,500	0%	1,697,500	0%	1,697,500
All Other Licenses/Permits	559,466	426,924	425,000	($238,100)	-36%	663,100	-36%	425,000	0%	425,000	0%	425,000
TOTAL LICENSES/PERMITS	2,684,480	3,030,194	2,777,500	($29,400)	-1%	2,806,900	-1%	2,772,500	0%	2,772,500	0%	2,772,500
FEES	6,054,827	7,544,121	7,636,700	$864,700	13%	6,772,000	17%	7,935,000	0%	7,935,000	0%	7,935,000
FINES	641,580	619,362	651,500	($4,600)	-1%	656,100	-2%	642,000	0%	642,000	0%	642,000
SERVICE CHG	1,632,158	1,351,806	1,352,900	$29,000	2%	1,323,900	0%	1,323,900	0%	1,323,900	0%	1,323,900
INTEREST INC.	1,709,737	1,528,114	1,500,000	($50,000)	-3%	1,550,000	3%	1,600,000	0%	1,600,000	0%	1,600,000
SALES/REIMB/RENTS	(41,649)	197,006	209,100	($4,400)	-2%	213,500	-2%	208,500	0%	208,500	0%	208,500
OTHER	2,381,197	581,397	423,000	$2,500	1%	420,500	4%	439,400	4%	456,100	4%	473,600
SUB-TOTAL	**$ 90,048,309**	**$ 92,326,939**	**$ 94,242,100**	$1,500,800	2%	**$ 92,741,300**	5%	**$ 96,959,300**	1%	**$ 97,691,900**	1%	**$ 98,388,500**
TRANSFERS IN	200,000	200,000	200,000	$0	0%	200,000	0%	200,000	0%	200,000	0%	200,000
TOTAL REVENUES	**$ 90,248,309**	**$ 92,526,939**	**$ 94,442,100**	$1,500,800	2%	**$ 92,941,300**	5%	**$ 97,159,300**	1%	**$ 97,891,900**	1%	**$ 98,588,500**

USES OF FUNDS

	2023 ACTUAL	2024 ACTUAL	2025 PROJ ACTUAL	$ +, - From Bud	% +, - From Bud	2025 CURR BUDGET		2026 PROJ BUDGET		2027 PROJ BUDGET		2028 PROJ BUDGET
PERSONAL SERVICES	66,455,766	70,178,464	74,315,000	$1,200,200	-2%	75,515,200		78,933,800		80,819,500		83,272,000
CONTRACTUAL												
IT/GIS Service Charge	2,041,417	2,041,600	2,009,300	$0	0%	2,009,300	3%	2,078,600	3%	2,143,100	3%	2,210,200
Vehicle/Equip Lease Charge	3,460,400	3,433,000	3,692,300	$0	0%	3,692,300	10%	4,064,100	3%	4,186,000	3%	4,311,500
All Other Service Charges	7,726,075	7,849,607	8,180,800	$23,644	0%	8,204,444	0%	8,222,600	3%	8,465,100	3%	8,698,500
TOTAL CONTRACTUAL	13,227,891	13,324,206	13,882,400	$23,644	0%	13,906,044		14,365,300		14,794,200		15,220,200
COMMODITIES	2,399,812	2,434,595	3,012,700	$81,276	-3%	3,093,976	-10%	2,777,300	2%	2,832,600	2%	2,889,100
OTHER CHARGES	862,876	567,431	693,700	$7,104	-1%	700,804	-3%	682,900	2%	696,900	2%	711,300
SUB-TOTAL	**$ 82,946,346**	**$ 86,504,696**	**$ 91,903,800**	$1,312,224	-1%	**$ 93,216,024**	4%	**$ 96,759,300**	2%	**$ 99,143,200**	3%	**$ 102,092,600**
CONTINGENCY	0	0	200,000	$0	0%	200,000	100%	400,000	####	0	0%	0
TRANSFERS OUT	5,874,543	3,000,000	0	$0	0%	0	0%	0	0%	0	0%	0
TOTAL EXPENDITURES	**$ 88,820,889**	**$ 89,504,696**	**$ 92,103,800**	$1,312,224	-1%	**$ 93,416,024**	4%	**$ 97,159,300**	2%	**$ 99,143,200**	3%	**$ 102,092,600**
SURPLUS (DEFICIT)	**1,427,420**	**3,022,243**	**2,338,300**			**(474,724)**		**0**		**(1,251,300)**		**(3,504,100)**
ENDING FUND BALANCE	**$ 34,230,079**	**$ 37,252,322**	**$ 39,590,622**			**$ 36,777,598**		**$ 39,590,622**		**$ 38,339,322**		**$ 34,835,222**
FUND BALANCE AS % OF EXP.	**38.54%**	**41.62%**	**42.98%**			**39.37%**		**40.75%**		**38.67%**		**34.12%**

GENERAL FUND
REVENUES vs EXPENDITURES 2024-2028
Staff Proposal

Exhibit 5



	ACTUAL 2024	ESTIMATED ACTUAL 2025	PROPOSED BUDGET 2026	PROPOSED BUDGET 2027	PROPOSED BUDGET 2028
Revenues	92,526,939	94,442,100	97,159,300	97,891,900	98,588,500
Expenditures	89,504,696	92,103,800	97,159,300	99,143,200	102,092,600
Surplus/Deficit	3,022,243	2,338,300	0	(1,251,300)	(3,504,100)
Fund Balance	37,252,322	39,590,622	39,590,622	38,339,322	34,835,222
Fund Bal as % of Expend	41.62%	42.98%	40.75%	38.67%	34.12%

PROPERTY TAX LEVY HISTORY

Exhibit 6

LEVY YEARS 2003 - 2025

LEVY YEAR	VILLAGE % INCREASE	LIBRARY % INCREASE	TOTAL % INCREASE	COMMENTS	BUDGET YEAR
2025	3.63	0.00	3.63	Actuarially determined Police & Fire Pension Fund increases	2026
2024	2.46	2.00	2.33		2025
2023	0.00	0.00	0.00		2024
2022	0.00	0.00	0.00		2023
2021	0.00	0.00	0.00		2022
2020	0.00	0.00	0.00		2021
2019	0.00	0.00	0.00		2020
2018	1.97	1.00	1.70		2019
2017	3.68	0.00	2.61	To cover sales and State income tax decreases	2018
2016	1.95	0.00	1.38	Entire increase for street purposes (Phase 2)	2017
2015	3.59	0.00	2.51	Entire increase for street purposes (Phase 1)	2016
2014	0.00	0.00	0.00		8-mo.
2013	2.65	0.00	1.84		FY2015
2012	1.74	0.00	1.20		FY2014
2011	0.00	0.00	0.00		FY2013
2010	4.30	0.00	2.93	Police/Fire Pension Funds - market crash	FY2012
2009	5.74	1.77	4.44	Police/Fire Pension Funds - market crash	FY2011
2008	0.32	0.00	0.21		FY2010
2007	2.48	4.90	3.26		FY2009
2006	11.14	9.20	10.51	Taxing districts captured expiration of TIF #1	FY2008
2005	14.67	4.99	11.32	Fire Pension benefit increase - State legislation	FY2007
2004	11.98	4.00	9.09	Police/Fire Pension benefit increase - State legislation	FY2006
2003	2.14	0.99	1.72		FY2005

VILLAGE OF ARLINGTON HEIGHTS
TOTAL ESTIMATED VILLAGE AND LIBRARY CALCULATIONS
2025 Tax Levy for the 2026 Budget

Exhibit 7

	2024 LEVY FOR 2025 BUDGET YEAR	**PROPOSED 2025 LEVY FOR 2026 BUDGET YEAR**	DOLLAR CHANGE	% CHANGE	
POLICE PROTECTION	**6,061,400**	**6,186,400**	125,000	2.06%	
FIRE PROTECTION	**6,061,400**	**6,186,400**	125,000	2.06% =>	General Fd rev - exp gap
IMRF	**1,357,500**	**1,424,500**	67,000	4.94%	Wage projections
FICA	**1,747,200**	**1,789,500**	42,300	2.42%	Wage projections
POLICE PENSION FUND	**4,747,000**	**5,285,000**	538,000	11.33%	Actuary ARC
FIRE PENSION FUND	**6,706,000**	**7,226,000**	520,000	7.75%	Actuary ARC
TOTAL GENERAL FUND	**26,680,500**	**28,097,800**	1,417,300	5.31%	
CAPITAL IMPROVEMENT	**5,800,000**	**5,800,000**	0	0.00%	
DEBT SERVICE	**6,497,000**	**6,495,000**	(2,000)	-0.03%	Bond Documents
TOTAL VILLAGE TAX LEVY	**38,977,500**	**40,392,800**	**1,415,300**	**3.63%**	
TOTAL LIBRARY TAX LEVY	**15,124,000**	**15,124,000**	**0**	**0.00%**	
GRAND TOTAL TAX LEVY	**54,101,500**	**55,516,800**	**1,415,300**	**2.62%**	

Notes: The Library's Levy is not available at this time.

Exhibit 8

WATER AND SEWER FUND
THREE YEAR PROJECTIONS
FISCAL YEARS 2026 THROUGH 2028

SOURCES OF FUNDS

	2024 ACTUAL	2025 EST ACTUAL	2025 CURRENT BUDGET	2026 PROP BUDGET	2027 PROJ BUDGET	2028 PROJ BUDGET
BEGINNING WORKING CASH	**$ 10,845,861**	**$ 13,506,441**	**$ 13,506,441**	**$ 5,381,105**	**$ 6,161,905**	**$ 7,746,305**
CHARGES FOR SERVICE	22,818,489	25,431,500	25,353,500	26,940,700	27,649,100	28,377,100
INTEREST INC.	838,255	630,000	500,000	700,000	725,000	750,000
SALES/REIMB/RENTS	35,812	55,500	58,000	55,500	55,500	55,500
OTHER	41,430	20,000	20,000	20,000	20,000	20,000
NWWC REVENUE	1,065,916	-	-	-	-	-
SUB-TOTAL	**23,733,985**	**26,137,000**	**25,931,500**	**27,716,200**	**28,449,600**	**29,202,600**
TRANSFERS IN	5,000,000	-	-	-	-	-
TOTAL REVENUES	**$ 28,733,985**	**$ 26,137,000**	**$ 25,931,500**	**$ 27,716,200**	**$ 28,449,600**	**$ 29,202,600**

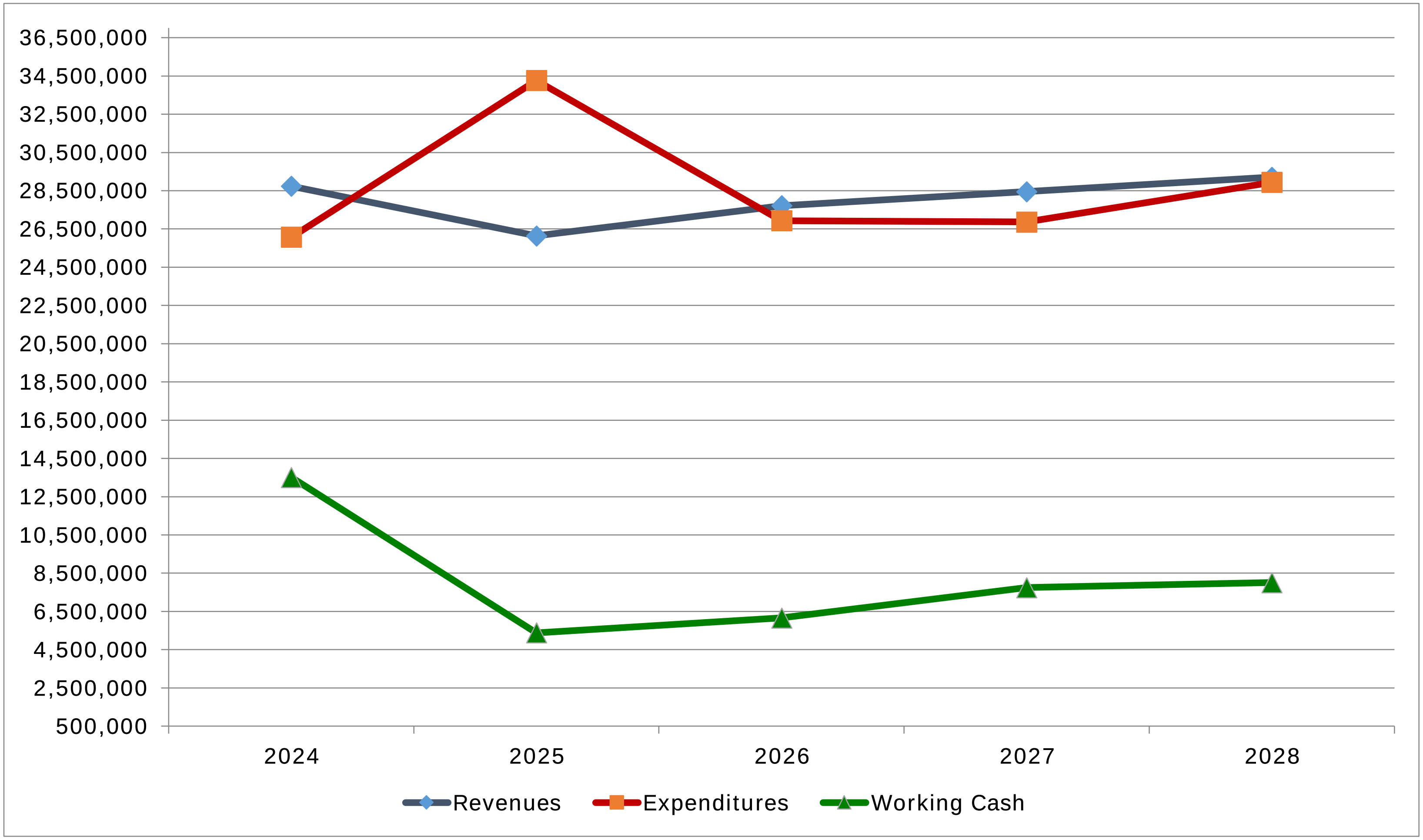
USES OF FUNDS

	2024 ACTUAL	2025 EST ACTUAL	2025 CURRENT BUDGET	2026 PROP BUDGET	2027 PROJ BUDGET	2028 PROJ BUDGET
PERSONAL SERVICES	$ 7,140,705	$ 7,605,700	$ 7,672,600	$ 7,964,700	$ 8,349,900	$ 8,753,300
CONTRACTUAL	3,312,828	3,332,300	3,292,197	3,443,200	3,545,900	3,651,600
NORTHWEST WATER COMMISSION	4,446,013	4,565,300	4,565,300	4,702,300	4,843,400	4,988,700
COMMODITIES	1,576,830	874,736	874,872	685,300	705,800	726,800
OTHER CHARGES	190,226	1,178,900	1,194,900	1,178,900	1,178,900	1,178,900
CAPITAL ITEMS	9,406,804	16,635,200	17,758,218	8,661,000	8,241,300	9,639,000
SUB-TOTAL	**26,073,405**	**34,192,136**	**35,358,087**	**26,635,400**	**26,865,200**	**28,938,300**
CONTINGENCY	-	70,200	70,200	300,000	-	-
TRANSFERS OUT	-	-	-	-	-	-
TOTAL EXPENDITURES	**26,073,405**	**34,262,336**	**35,428,287**	**26,935,400**	**26,865,200**	**28,938,300**
SURPLUS (DEFICIT)	**2,660,580**	**(8,125,336)**	**(9,496,787)**	**780,800**	**1,584,400**	**264,300**
ENDING WORKING CASH	**$ 13,506,441**	**$ 5,381,105**	**$ 4,009,654**	**$ 6,161,905**	**$ 7,746,305**	**$ 8,010,605**
WORKING CASH AS % OF EXPENI	**52%**	**16%**	**11%**	**23%**	**29%**	**28%**

Note: Village policy is to maintain at least a 25% working cash balance.

Exhibit 9

WATER AND SEWER FUND
REVENUES vs EXPENDITURES 2024-2028



	ACTUAL 2024	ESTIMATED ACTUAL 2025	PROPOSED BUDGET 2026	PROPOSED BUDGET 2027	PROPOSED BUDGET 2028
Revenues	28,733,985	26,137,000	27,716,200	28,449,600	29,202,600
Expenditures	26,073,405	34,262,336	26,935,400	26,865,200	28,938,300
Surplus/Deficit	2,660,580	(8,125,336)	780,800	1,584,400	264,300
Working Cash	13,506,441	5,381,105	6,161,905	7,746,305	8,010,605
Fund Bal as % of Expend	52%	16%	23%	29%	28%

BUDGET CALENDAR

Exhibit 10

For Preparation of 2026 Budget

(January 1, 2025 – December 31, 2025)

DATE	DAY	ACTIVITY
March - June, 2025	–	2026-2030 Capital Improvement Program recap prepared.
June 20, 2025	Friday	CIP Recap released to Village Board for discussion at June 30th Committee of the Whole meeting.
June 27, 2025	Friday	Operating fund overview, recommended budget ceilings and proposed 2025 tax levy released to Village Board for discussion at June 30th Committee of the Whole Meeting.
June 30, 2025	**Monday**	**Committee of the Whole meeting reviews 2026-2030 Capital Improvement Program Recap memo, and discusses the Operating Fund Overview, Recommended 2026 Budget Ceilings, and initial proposed 2025 tax levy.**
July 7, 2025	**Monday**	**Board considers any motions stemming from June 30th Committee of the Whole meeting regarding the recommended 2025 Budget Ceilings. Board accepts 2024 Annual Comprehensive Financial Report.**
July 11, 2025	Friday	Budget materials forwarded to departments. Departments prepare detailed budgets.
August 11, 2025	Monday	Department budget requests and projections due.
Aug 11 – Aug 29, 2025	–	Finance Department compiles departmental budget submissions.
August 29, 2025	Friday	First draft of 2026 Budget forwarded to Village Manager, Budget Team and all departments for review.
Sep 15 – Sep 19, 2025	–	Departments meet with Village Manager and Budget Team.
Sep 19 – Oct 31, 2025	–	Final draft of 2026 Budget prepared.
October 31, 2025	Friday	Release final draft of 2025 Budget to Village Board.
November 10, 2025	**Monday**	**1st Budget Meeting** – AH Memorial Library, Budget Overview, Budgets for Board of Trustees, Integrated Services, Legal, Health & Human Services, HR, Finance, Building Services, and Police.
November 12, 2025	**Wednesday**	**2nd Budget Meeting** – Budgets for Metropolis Theater, Boards & Commissions, Planning & Community Development, Engineering, Public Works, Water & Sewer, Parking Operations, Fleet Services, and Fire.
November 13, 2025	**Thursday**	**3rd Budget Meeting** – If needed.
November 19, 2025	Wednesday	Notice of Public Hearing on 2026 Budget published in newspaper.
December 1, 2025	**Monday**	Board approves 2025 Tax Levy and Abatement Ordinances. Public Hearing on 2026 Budget. Approval of 2026 Budget at the Village Board Meeting.